EXHIBIT H

UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

No. 05-cr-10088-EFH-1

UNITED STATES OF AMERICA

vs.

RUDOLPH J. LIEDTKE and RJL SCIENCES, INC.

****

For Plea Hearing Before:
Honorable Edward F. Harrington

United States District Court
District of Massachusetts (Boston.)
One Courthouse Way
Boston, Massachusetts 02210
Tuesday, April 19, 2005

****

REPORTER: RICHARD H. ROMANOW, RPR
Official Court Reporter
United States District Court
One Courthouse Way, Room 3507, Boston, MA 02210
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P R O C E E D I N G S

(Begins 2:00 p.m.)

THE CLERK: Criminal Action 05-10088, United States versus R. J. Liedtke, et al.

THE COURT: I'm sorry to be late. I had a meeting. But I'll hear from the Government.

MS. CARMODY: Good afternoon, your Honor. My name is Mary Elizabeth Carmody, Assistant United States Attorney. And with me today is Sondra Mills, a trial attorney from the

Department of Justice. We're here today for an arraignment and an entry of a plea of guilty by the defendant, both the corporation and the individual, to the information. The defendant has agreed to waive indictment, your Honor. I have simply forgotten to bring the form with us. So that Counsel has agreed that we will sign it and file it as soon the hearing is concluded. Other than that, your Honor, we're ready to go forward on a Rule 11 hearing as well as an agreement.

THE COURT: My understanding is that a Crawford defendant is involved?

MS. CARMODY: Yes, your Honor.

THE COURT: And who is going to plea on behalf of the Crawford defendant?

MR. LOPEZ: Your Honor, good afternoon. Scott Lopez on behalf of Rudolph Liedtke, RJL Sciences, Inc. I've filed a notice of appearance in this matter and I've also filed

a motion to admit Attorney Robert Kalec pro hac vice. At this time I would move to -- I would move this court to allow him to appear pro hac vice.

THE COURT: Okay.

MR. LOPEZ: And with that I'll turn the microphone over to Mr. Kalec, so to speak.

MR. KALEC: Good afternoon, your Honor. Mr. Liedtke appears today on his personal behalf and also as President and principal owner of RJL Sciences and he will represent the corporation, in its corporate capacity, today for the plea.

THE COURT: And how big a corporation is it?

MR. KALEC: Including himself, it has six employees, your Honor.

THE COURT: And does anyone else own the corporation?

MR. KALEC: There are four other minority owners, your Honor.

THE COURT: And has the -- does it have a board of directors?

MR. KALEC: It does, your Honor. And we had submitted to the prosecution a corporate resolution authorizing Mr. Liedtke to appear on behalf of the corporation and to enter into the Rule 11 agreement.

MS. CARMODY: And we filed a corporate resolution today, your Honor.

THE COURT: All right. Prior to accepting any plea of an individual nature or on behalf of the corporation, I wish to ask the individual defendant certain questions. You are going to answer these questions both on your own behalf and on behalf of the corporation.

THE DEFENDANT: Yes, your Honor.

THE COURT: I want to advise you as to certain constitutional rights. You have a constitutional right to a speedy, public trial by jury. Do you understand that?

THE DEFENDANT: Yes.

THE COURT: You have a constitutional right to see and hear the evidence against you and to cross-examine witnesses against you. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: You have a constitutional right to the processes of this court to compel the attendance of witnesses in your own behalf. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: You have a constitutional right to the assistance of counsel, which right you have exercised, and you have a constitutional right to remain silent and not be compelled to incriminate yourself or the corporation. Do you understand that?

THE DEFENDANT: Yes.

THE COURT: That in pleading guilty, you are giving up all of those constitutional rights with the exception of the right to counsel. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: I wish, also, to advise you that you are not required to establish your innocence, the innocence of the corporation, um, but it's the duty of the Government to prove their case beyond a reasonable doubt. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: When you're pleading guilty, you are giving up the so-called presumption of innocence. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: Have you advised your attorney of all the circumstances surrounding the charge pending against you and the corporation?

THE DEFENDANT: Yes, your Honor.

THE COURT: Has he advised you as to the nature of those charges and any possible defense you or the corporation might have?

THE DEFENDANT: Yes, your Honor.

THE COURT: What is the penalty provided by statute for the offenses to which the individual defendant, the

corporate defendant is pleading guilty to?

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MS. CARMODY: Your Honor, on the charge of conspiracy, the defendant is subject to a term of imprisonment for five years, a fine of $250,000, a term of supervised release of three years, and a mandatory special assessment of 100 dollars. With respect to the corporation, your Honor, the corporation is subject to a fine of $500,000, or twice the gross gain or loss involved in the event, whichever is greater, or both, and a special assessment of 400 dollars.

THE COURT: You understand that that's the statutory penalty provided for the offenses for which you and the corporation are pleading guilty?

THE DEFENDANT: Yes, your Honor.

THE COURT: Has anyone threatened you to change your plea to guilty?

THE DEFENDANT: No, your Honor.

THE COURT: Was there any plea bargain involved in this case?

MS. CARMODY: Yes, your Honor.

THE COURT: And would you advise the Court what that plea bargain consists of?

MS. CARMODY: Yes, your Honor. We have filed earlier today with the Court a plea agreement for both the individual, Rudolph J. Liedtke, as well as the corporation. With respect to Mr. Liedtke, your Honor, there is a sentencing guidelines calculation that would indicate that his guideline

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range would be between 30 and 37 months. Um, that the Government's plea agreement calls for a base offense level of

6, an enhancement of 16, for the amount of the fraud involved with respect to this case, your Honor. Um, we have valued the loss at somewhere between, at least, approximately, I would say, your Honor, 2 million dollars, 2.63 million dollars. With respect to the Government's recommendation, your Honor, we intend, based on the defendant's cooperation, to file a 5K-1 motion. Failing that, your Honor, the Government would recommend a term of imprisonment at the low end of the guidelines. But we fully expect -- the defendant has agreed to cooperate and that we will be filing that motion at the appropriate time with respect to the individual.

THE COURT: How about with respect to the corporation, what is the recommendation, according to the plea agreement, that you will make with respect to the corporate entity?

MS. CARMODY: With respect to the corporate entity, your Honor, we have made a determination preliminarily based on the corporate defendant's asserted inability to pay any fine, and that they have provided documents that support that assertion, that the recommendation under the plea agreement would be that the corporation pay a fine in the amount of $5,000. Um, should the corporation be found to have the ability to pay -- we haven't even determined the guidelines

based on the inability to pay. But should that not be found to be the case down the end of the road, we will recommend a sentence at the low end of the guideline range.

THE COURT: A fine at the low end?

MS. CARMODY: A fine, yes.

THE COURT: Has this plea agreement been reduced to writing?

MS. CARMODY: It has, your Honor. We have filed both a copy of the individual and the corporate agreement with the Court.

THE COURT: I see. And just so the record is clear, did you sign that plea agreement with the full understanding of its contents?

THE DEFENDANT: Yes.

THE COURT: And did you sign it after consulting with your attorney?

THE DEFENDANT: Yes.

THE COURT: A reference has been made to a sentencing commission guideline factor. Um, as we know, as a result of the Booker case, the guidelines, at this time, are advisory, but they are a factor which the sentencing court will take into consideration. Do you understand that?

THE DEFENDANT: Yes, your Honor.

THE COURT: Have you had an opportunity to discuss with your attorney how the advisory sentencing commission

guidelines might apply to your case?

THE DEFENDANT: Yes, your Honor.

THE COURT: And has he advised you that the exact guideline range applicable to your case cannot be specifically decided until after a presentence report has been concluded?

THE DEFENDANT: Yes, your Honor.

THE COURT: And you understand that the Court, um, even though the guidelines are advisory, um, will take them in consideration and either enhance the guideline sentence or depart downward from that guideline range?

THE DEFENDANT: I understand that.

THE COURT: All right. Is the plea that you're

offering here today, on behalf of yourself and on behalf of the corporate entity, entirely free and voluntary?

THE DEFENDANT: Yes, your Honor.

THE COURT: Take the plea.

THE CLERK: Rudolph J. Liedtke and RJL Sciences, Inc., doing business as RJL Systems, Inc., as to Count 1 of an information charging you with conspiracy to commit an offense against the United States in violation of Title 18 USC Code Section 371, how do you plead, guilty or not guilty?

THE DEFENDANT: Guilty.

THE COURT: I think the record, even at this stage, should show that you understand that you have the constitutional right to be charged by way of indictment, but

knowing that, you willingly waive to be prosecuted by way of indictment. Is that correct?

MR. KALEC: By way of information.

THE COURT: By way of information. Are you willing to be tried or to plea to an information, notwithstanding the fact that you have a constitutional right to be prosecuted by way of indictment, but you are pleading here to an information. You do that knowingly and willingly, realizing that you have such a constitutional right?

THE DEFENDANT: Yes, your Honor.

THE COURT: I would ask the Government to briefly set forth the evidence which it would have introduced were the case to have gone to trial. You may sit down.

MS. CARMODY: Your Honor, I would like to say that this is a medical device case and it's quite a complex case. The parties have filed an agreed statement of facts with the Court which sets forth the facts in great detail. So without

going into all of the details in the agreed statement of facts, should the case have gone to trial, the Government would have proved that the defendant, RJL Sciences, doing business as RJL Systems -- and I'll refer to them as "RJL," is located in Clinton Township, Michigan. That RJL manufactured and sold medical devices, including a Bioelectrical Impedance Analysis known as a BIA device, and computer software for use in connection with a BIA device.

Commencing in 1996, RJL manufactured and sold the BIA device and computer software together with and pursuant to others who are not specifically named in the information, but for whom the Court -- we have filed with the Court an in-camera submission that will identify, for the Court's purposes, who those entities are. Mr. Liedtke was the President and principal owner of RJL and Mr. Liedtke directed, participated and controlled and manufactured the sale of the BIA devices as well as the software devices.

The BIA device, manufactured by the defendant, is a portable device. It has two protruding electrodes. And in order to perform the BIA test, the electrodes are placed on the hands and feet of a human test subject and there's a very low level electrical current that's run through the body. This measures -- it encounters impedance and it measures the reactance and resistance of the current as it flows through the body. These measurements, um, generated by the BIA device, were used to estimate the body's composition of humans. Estimates of body compositions were computed by applying these measurements generated by the BIA device to predictive equations.

In other words, your Honor, the test is performed on a

human and the device itself gives two measurements, reactance and resistance and the individual performing the test then takes those two numbers and transforms them, takes them and

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inputs them into a computer with computer software. Incorporated in the computer software is a predictive equation that then gives different values as a result of that test measurement. And those measurements are measures of human body composition, lean body mass, fat free mass, and in some instances with respect to this case body, cell mass and other measurements.

These predictive equations, which actually give the ultimate measurements, were developed mathematically, calculating the statistical relationship between the resistance and reactance measurement obtained by the BIA test on a sample population of human subjects, actual measurements of body composition for that population. Prediction equations are used to estimate the body composition of humans and it varies depending on the characteristics and size of the sample population used to develop the equation as well as on the methodology used to measure the body composition within that population.

The defendant participated in the development and distribution of various BIA software devices and computer software. In other words, the device stayed essentially the same, your Honor, but it's the computer software packages that took the measurements and used them to -- with a predictive equation to give other values. Um, those changed over time. And those computer software were known as -- one is known as

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"Body Comp," one is known as "Weight Manager," another is known

as "Fluid and Nutrition," another is known as "Cyprus," and another computer software we'll refer to as the "Y Software," and they were all used to estimate body composition in humans. The BIA, as well as the computer software devices, were each medical devices within the meaning of the Federal Food, Drug and Cosmetic Act, 21 USC Section 321(H).

In order to sell these devices, the defendants could not sell them legally without first obtaining premarket clearance and/or premarket approval from the U.S. Food & Drug Administration. And it depended -- that approval, whether or not it was a clearance or an approval, depended upon the intended use for which the device was to be put. The FDA could grant what was called a 510(K) premarket clearance if it determined, following a review of the information submitted, it supported the premarket notification that the device was substantially equivalent to a device that was in existence and marketed in interstate commerce prior to May 26th, 1976. That device would be known as a "predicate device." In other words, if the device preexisted the passage of this section of the Food, Drug and Cosmetic Act, then the FDA could clear it. But that only happened if, among other things, the intended use of the current device was the same intended use as the predicate device. So if the intended use of the device was different from the predicate device, a substantial equivalent, which is

what the FDA would have to find, it could not be cleared, because it would be a different use.

Um, premarket approval and review by the FDA generally entailed, among other things, a review of clinical trials and scientific data offered to confirm the safety and the efficacy of the device as well as a review of the device's labeling, and

it also has to include adequate directions for use. In 1983, the defendants, RJL and Liedtke, filed a 510(K) premarket notification with the FDA's Center for Devices and Radiological Health, seeking premarket clearance for a Body Composition Analyzer, a type of BIA device that was manufactured and sold by RJL. In that 510(K) submission, the defendant stated that the intended use of the BIA device was to estimate total body water, lean body mass, also known as fat free mass, and fat in healthy humans. RJL's BIA device was accompanied by a hand-held programmable calculator and computer to facilitate the computation of the estimated total body water, lean body mass, and fat. After a review of the data submitted in support of that 510(K) submission, the FDA found that the Body Comp Analyzer was substantially equivalent to a device that had been marketed prior to the FDCA Medical Device Amendments of 1976, and they granted premarket clearance to RJL to distribute the device on August 11th, 1983 for the intended use of estimating total body water, lean body mass, and fat in healthy humans, and that was the limitation.

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During a subsequent inspection of RJL, by the FDA, in 1984, the FDA discovered that RJL had been marketing a modified version of the BIA device as well as a computer software device that had not been previously reviewed by the FDA as part of a 510(K) submission. The FDA issued a Notice of Adverse Findings to the defendant, RJL and Liedtke, in January of 1986, informing them that the 1984 inspection revealed that they had been marketing misbranded devices, specifically the modified BIA device and the accompanying computer software device in violation of the FDCA. In response to the Notice of Adverse Findings, the defendant submitted another 510(K) premarket

notification for the modified BIA device as well as for the new computer -- the computer software device, accompanying the BIA device on June 24th, 1986.

RJL and Liedtke told the FDA that the computer software only performed calculations that previously would have been done by hand to estimate body composition and that the Body Comp Analyzer and its accompanying computer software had the same intended uses as that previously submitted BIA device for estimating total body water, lean body mass, and fat. The defendants told the CDRH that the intended uses of the BIA device, accompanying this computer software, did not include measuring body cell mass or diagnosing any disease state. The defendants also described the methods used to develop the prediction equations in the computer software and told CDRH

that the equations were based on a population consisting of 278 healthy and obese college students whose body composition was measured through hydrostatic weighing and that total body water measurements of the college students were determined using deuterium oxide dilution, in other words, underwater weighing, your Honor.

Based on the representations made by the defendants, RJL and Liedtke, in their 510(K) submission and related communications, the CDRH concluded that the modified Body Comp Analyzer and accompanying computer software were substantially equivalent to a device marketed prior to the Medical Device Amendments of 1976 and they granted premarked clearance to RJL to distribute the Body Comp Analyzer and the accompanying computer software devices on February 3rd, 1987 for the intended uses of estimating total body water, lean body mass, and fat in healthy humans. At that time, the computer software

device was called "Body Comp." Later versions of the RJL software, with similar intended uses, were called "Weight Manager."

Beginning in, at least, 1994, the defendant, RJL and Liedtke, assisted others in developing a prediction equation that would calculate the BIA resistance and reactance measurements into estimated body cell mass. This equation, which we'll refer to as the Z equation, estimated body cell mass based on measurements of total body potassium in a

population that we're going to refer to as the ABC database. That database consisted of approximately 332 humans, including individuals who were healthy, and others who had tested HIV positive. Beginning, again, in sometime during 1994, the defendants, RJL and Liedtke, developed new computer software for use in interpreting BIA test results that incorporated the Z equation and marketed the software under the name "Fluid and Nutrition Analysis" or FNA. The FNA software purported to calculate the individual test subject's estimated body cell mass, total body water, intracellular and extracellular water, fat free mass, extracellular tissue and fat. The FNA software also computed purported "normal ranges" for the individual test subject's total body water and intracellular water and extracellular water. These normal ranges were calculated by the defendant, RJL and Liedtke, by comparing the individual BIA test results to a select portion of the population included in this ABC database.

This FNA software, pursuant to 21 USC Section 351(F)(1)(B)(I) required FDA approval before it could be legally marketed. No application for premarket approval has been submitted to the FDA with respect to the FNA software and

the device has never been the subject of an approved application for premarket approval under 21 USC Section 350(E). Others marketed and sold the drug known to the United States Attorney and referred to herein as "the drug," which was

approved by the FDA to treat AIDS wasting, a condition involving profound involuntary weight loss in AIDS patients. At the time the FDA approved the drug, AIDS wasting was an AIDS-defining condition.

On or about January of 1995, the defendants met with others regarding the possible use of BIA technology by, um, others known and unknown to the U.S. Attorneys. Thereafter, between September 1995 and June 1996, the defendant, RJL, shipped approximately 25 BIA devices together with the FNA Version 3.1 software packages to others known and unknown for use in evaluating the body composition in AIDS patients. Commencing as early as September 1996 and continuing thereafter until about January 2002, the defendants, and others knowingly -- and others, knowingly and willfully, combined and conspired and agreed to commit an offense against the United States, that is, the parties to this conspiracy agreed to introduce or deliver for introduction or cause to be introduced or delivered for introduction into interstate commerce and did, in fact, introduce and cause to be introduced and delivered for introduction into interstate commerce with the intent to defraud and to mislead, adulterated medical devices, those devices being the computer software packages that accompanied the BIA device.

Specifically, these adulterated devices were BIA computer software packages known as "FNA," known as "Y

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Software" and "Cyprus." They were for use in calculating body cell mass and/or diagnosing AIDS wasting based upon BIA resistance and reactance measurements. So that was a new intended use, your Honor. These devices were adulterated within the meaning of Title 21, USC, Section 351(F)(1)(B)(I), and that neither RJL nor Liedtke nor others obtained premarket approval from the FDA to introduce such medical devices into interstate commerce. And this was all in violation of 18 USC Section 371, Title 21, USC, Section 331(A) and 333(A)(2).

It was the purpose of this conspiracy that RJL and Liedtke, with others, introduced or delivered for introduction or caused to be introduced or to be delivered for introduction into interstate commerce adulterated devices in order to increase the market for BIA devices and computer software and to increase the market for the drug. To that end, RJL and Liedtke and others participated in the development and dissemination of BIA computer software that purported to measure body cell mass for use in diagnosing AIDS wasting based upon a test subject's purported loss of body cell mass. The disease state of AIDS wasting, which the drug was tested and approved by the FDA, consisted of profound involuntary weight loss and loss of lean body mass in AIDS patients and did not include the loss of body cell mass. The use of BIA computer software that purported to measure the loss of body cell mass enabled RJL and Liedtke and others to expand the market for BIA

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devices and computer software devices and for others to expand the market for the drug beyond this disease state for which the drug was tested and approved.

This conspiracy operated through various manner and

means. It was part of the conspiracy to disseminate BIA devices and FNA software to others in order to promote the diagnosis of AIDS wasting as a disease state involving the loss of lean body mass and to thereby promote the prescribing and sale of the drug. The FNA software was not submitted to the FDA for premarket approval. It was not approved by the FDA for shipment in interstate commerce for the intended use of measuring body cell mass or diagnosing in AIDS wasting. The inclusion of the Z equation and the ABC database in the FNA software and the use of the computer software to measure body cell mass as a tool for diagnosing AIDS wasting were new intended uses that required premarket approval from the FDA before their introduction or delivery for introduction into interstate commerce. It was also part of the conspiracy to develop and disseminate the Y software to others in order to promote the diagnosis of --

THE COURT: So, in essence, what you're saying is that there has been a new intended use and that was not approved?

MS. CARMODY: Exactly, your Honor. And there were several versions of the software with respect to the BIA. So

it continued through the FNA software, to the Y software, which had a different population base, that employing the NHANES database rather than the population base of the ABC database, and it used "ideal" measurements and not "normal" measurements in that software. And that was a --

THE COURT: Let me ask you this question. Is an application for this -- for these new intended uses that have not been approved been sought?

MR. CARMODY: No, your Honor.

THE COURT: No new application whatsoever?

MR. CARMODY: None, your Honor.

So it went through the Y software and then it continued through the Cyprus software, which is the last version of the software, again, using the equation and the NHANES database, which was a new database.

Um, in addition, your Honor, the parties to the conspiracy engaged in certain overt acts in furtherance of --

THE COURT: You don't have to give me all the overt acts.

MS. CARMODY: Okay. Generally, your Honor, there were meetings here in Massachusetts, looking for the Massachusetts connection, in which the company that sold the drug is located here in Massachusetts and the defendants came and met with employees of the company, here in Massachusetts, to discuss and to take action with regard to the dissemination

of the adulterated devices. And that continued through March 1997 and up through and including 2002.

THE COURT: All right. Let me ask counsel for the defendant, you've heard the representations made by the United States as to the acts which constitute the violation of law. Is there anything that you wish to contest or to add?

MR. KALEC: No, your Honor, outside of what was submitted in the stipulated statement attached, which was not read into the record by the Assistant United States Attorney.

THE COURT: The entire statement of facts is part of the record in the case, though, that's been submitted?

MS. CARMODY: Yes, your Honor. We have an agreed statement of facts. I have not read the entire statement of facts, but I've read three quarters of it. And it is filed in

the record, your Honor.

THE COURT: I understand that you can't promote or sell medical devices that have not been approved. That's the core of the violation. My additional question is, has this device caused any harm, is it harmful, in addition to being not approved? Do you understand? I understand that medical devices have to be approved and the failure to have them approved is itself a violation of law. But sometimes, in addition thereto, the device causes harm. Is there any -- is that factor here in this case or not?

MS. CARMODY: The way it factors in, your Honor --

the test itself is harmless. The test itself did not, in any way, cause the patient pain or harm. The harm is the fraud on -- in particular, the Medicaid system. This particular drug was paid for, 75 to 80 percent, by the state Medicaid program throughout the United States. It was a very expensive drug. And so patients, by virtue of this test, who got the drug when they otherwise should either not have gotten the drug or would not have qualified to get the drug, that, therein, lies the harm, your Honor.

THE COURT: Do you wish to add anything?

MR. KALEC: No, your Honor. There was no physical harm to any patient.

THE COURT: But the representation made by the attorney for the Government is that there was, in a sense, additional expenses paid for by the Medicaid system. Is that right?

MR. KALEC: That is correct, your Honor.

THE COURT: And that's when you say that the loss or the financial harm is in the area of -- I think you

indicated 2 million dollars?

MS. CARMODY: Well, that's an important point, your Honor. I want to make an important distinction here. And you can see, in the plea agreement, because we go into considerable detail with respect to what was going on here, um, that the defendant conspired with the company to disseminate the

adulterated devices and that increased the sales of the drug. And in the plea agreement, at Page 3, we talk about the fact that -- and I think it's an important distinction here, that the defendant committed some act with respect to the company, but the company also committed independent acts of fraud that were not reasonably foreseeable to this defendant. So that in terms of the sale of the devices from August 14th, 1995 through January 15th, 2002, the total price paid by the company for the sale of these devices was a little over a million dollars, $1,031,583.25. In Paragraph 4 on Page 3, it says, in determining the guideline calculation: "The Government contends that from 1997 to 2002, the company received more than 100 million dollars in sales for this drug." However, at the end of that paragraph, the Government takes the position that -- and the parties agree that it was reasonably foreseeable that many of the acts of fraud committed by the company and its employees were not known or reasonably foreseeable to this defendant. So that it was reasonably foreseeable, however, that the sales of the drug would increase as a result of the use of the devices. It is impossible to calculate, your Honor, exactly where you factor that in. So that the parties have agreed that the total fraud loss that was reasonably foreseeable would have been at least equal to the amount of the sale of the devices, otherwise the company wouldn't have

invested in a device where it was going to lose money,

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basically. So that's where we come to a figure of approximately 2 million dollars in fraud loss with respect to the adulterated devices.

THE COURT: Anything further?

MR. KALEC: No, your Honor.

THE COURT: All right. I'd ask the defendant, are you presently under a doctor's care?

THE DEFENDANT: No, your Honor.

THE COURT: Have you taken any medicine, pills or drugs today?

THE DEFENDANT: No, your Honor.

THE COURT: Have you ever been under psychiatric care?

THE DEFENDANT: No, your Honor.

THE COURT: So you understand the nature of these proceedings and that you've pled guilty to the one count information, both on your own behalf and on behalf of the corporation?

THE DEFENDANT: Yes, your Honor.

THE COURT: Counsel, do you know any reason why the Court should not accept the pleas of guilty?

MR. KALEC: None, your Honor.

THE COURT: I'm going to ask the defendant. Have you had sufficient time to discuss this matter with your attorney?

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THE DEFENDANT: Yes, your Honor.

THE COURT: And are you satisfied with his representation of you?

THE DEFENDANT: Yes, your Honor.

THE COURT: I find that the pleas have been voluntarily and knowledgeably offered with an understanding of their possible consequences. I further find that there is an independent basis for accepting the pleas and therefore I accept the pleas of guilty and order that they be entered in this case.

Disposition in this case is set for -- what is the date? September 13th 2005 at 2:00. Any need for bail?

MR. KALEC: Your Honor, we met with Pretrial Services this morning. I have reviewed his report. The recommendation is personal recognizance with a condition that Mr. Liedtke not apply for a passport and travel be limited to the United States. We'd ask the Court to accept the recommendation from Pretrial.

MS. CARMODY: No objection, your Honor.

THE COURT: All right. So ordered. All right. I'll see you on the 13th of September.

(Adjourned, 2:45 p.m.)

C E R T I F I C A T E

I, RICHARD H. ROMANOW, OFFICIAL COURT REPORTER, do hereby certify that the foregoing record is a true and accurate transcription of my stenographic notes on

Tuesday, April 19, 2005 before Honorable Edward F. Harrington, to the best of my skill and ability.

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RICHARD H. ROMANOW